

# ATTACHMENT B

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION  
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT  
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the Liquidation of  
Bernard L. Madoff Investment Securities LLC,

Plaintiff,

v.

SHARON KNEE,

Defendant.

Adv. Pro. No. 08-01789 (BRL)

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## I. INTRODUCTION

1. As described in my Expert Report regarding the Methodology for the Principal Balance Calculation dated November 15, 2012 (the “Principal Balance Calculation Report”), FTI Consulting, Inc. (“FTI”) was retained by Baker & Hostetler LLP, on behalf of the Trustee, to, among other things, reconstruct the books and records of BLMIS. I, Matthew B. Greenblatt, am a Senior Managing Director at FTI. Additional information regarding my professional experience and recent testimony is included in my Curriculum Vitae annexed hereto as **Exhibit 1**.

2. As part of FTI’s reconstruction of the books and records of BLMIS, chronological listings of all cash and principal transactions for every BLMIS customer account were compiled. These chronological listings provided the foundation to calculate every BLMIS account holder’s principal balance on a daily basis for all dates from April 1, 1981 through December 11, 2008 (the “Principal Balance Calculation”).

3. The Principal Balance Calculation Report explains the methodology of the Principal Balance Calculation and describes the relevant documents and data which were maintained by BLMIS.<sup>1</sup>

4. This report specifically applies the methodology of the Principal Balance Calculation to the BLMIS account associated with the Defendant, Sharon Knee (the “Defendant”), in the above-captioned action. Accordingly, this report should be read in conjunction with the Principal Balance Calculation Report.

5. This report has been prepared in connection with the above-captioned matter and is to be used only for the specific purposes of this lawsuit. It is not to be used for any other purpose without the express written consent of FTI. If called upon to testify in this matter, I intend to provide testimony regarding my analyses and conclusions consistent with



- A deposit via check of \$30,000 on July 29, 1996;
- A deposit via check of \$25,000 on September 30, 1996;
- A deposit via check of \$60,000 on February 12, 1997;
- A deposit via check of \$35,000 on March 29, 1999;
- A deposit via check of \$25,000 on June 3, 1999;
- A deposit via check of \$100,000 on January 3, 2000;
- A deposit via check of \$50,000 on June 14, 2000;
- A deposit via check of \$50,000 on June 21, 2000;
- A deposit via check of \$60,000 on April 23, 2003;
- A deposit via check of \$150,000 on August 5, 2004; and
- A deposit via check of \$200,000 on September 20, 2004.

12. These 23 deposits provided the Knee Account with a total \$1,285,000 of principal.

13. Between December 18, 1995 and December 11, 2008, the Knee Account reflected a total of 16 cash withdrawals from the account for a total amount of \$2,410,000 – an amount which included both the principal in the account and fictitious profits.

14. The Principal Balance Calculation for the Knee Account demonstrates that between December 18, 1995 and December 11, 2008, \$2,410,000 was withdrawn from BLMIS, which consisted of \$1,285,000 of principal and an additional \$1,125,00



#### **IV. LIST OF EXHIBITS**

**Exhibit 1** – Curriculum Vitae and Testimony of Matthew B. Greenblatt

**Exhibit 2** – Documents Considered

**Exhibit 3** – Summary Schedule of Cash and Principal Activity in the Knee Account

**Exhibit 4** – Detailed Schedule for the Principal Balance Calculation for the Knee Account